

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

OMB-01 TRSE-00 EB-07 COME-00 SIL-01 LAB-04 SNM-02

DEAE-00 VO-03 SCA-01 INSE-00 /080 W

-----070123Z 097866 /64

R 070007Z JAN 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 9553

INFO AMEMBASSY CARACAS BY POUCH

AMEMBASSY GUATEMALA BY POUCH

AMEMBASSY MANAGUA BY POUCH

AMEMBASSY SAN JOSE BY POUCH

AMEMBASSY SAN SALVADOR BY POUCH

AMEMBASSY TEGUCIGALPA BY POUCH

AMEMBASSY PANAMA BY POUCH

ALL US CONSULATES IN MEXICO BY POUCH

C O N F I D E N T I A L SECTION 1 OF 2 MEXICO 0230

NCLXQQYTWC GDS

TAGS: PINT MX PFOR EGEN

SUBJECT: MONTHLY POLITICAL HIGHLIGHTS: NOV-DEC 1976

SUMMARY: NOV AND DEC PRESENTED STUDIES IN CONTRAST, VIRTUAL HYSTERIA SEIZING COUNTRY IN WANING DAYS OF ECHEVERRIA GOVERNMENT AND HEADY OPTIMISM REPLACING IT WHEN JOSE LOPEZ PORTILLO TOOK OFFICE DEC 1. JUST AS COLLECTIVE NUEROSIS (BASED ON ANXIETY THAT PRES ECHEVERRIA INTENDED TO RETAIN POWER UNCONSTITUTIONALLY) WAS UNWARRANTED, SO TOO NEAR EUPHORIA OVER NEW GOVERNMENT'S CAPACITY TO PERFORM MIRACLES STRIKES US AS EXTREME. BUT ON BALANCE, WE JUDGE THAT JLP HAS DONE WELL IN DEMONSTRATING INTENTION TO BE INDEPENDENT OF ECHEVERRIA, THEREBY RESTORING MEASURE OF SELF-CONFIDENCE LOST IN NOVEMBER AND EARLIER. HE'S MADE GOOD BEGINNING, BUT ROOT PROBLEMS REMAIN. END SUMMARY.

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1. NOVEMBER: ECHEVERRIA'S FINAL DAYS

ECHEVERRIA'S LAST DAYS, HIS POLITICAL AND MORAL AUTHORITY ALMOST LITERALLY COLLAPSING, WERE ASTOUNDING TO THOSE WHO HAD SEEN HIM AT HEIGHT OF HIS POLITICAL POWER.

--PUBLIC ATTACKS FROM OLD ENEMIES AND FORMER FRIENDS PROLIFERATED;

--HIS PERSONAL CREDIBILITY REACHED ALL-TIME LOW;

--HIS ABILITY TO GOVERN ALL BUT DISAPPEARED.

SIMULTANEOUSLY, LONG HELD FEARS THAT PRESIDENT WAS PLOTTING POWER GRAB OF SOME KIND MOUNTED. WHEN PRESIDENT ENGINEERED LARGE LAND EXPROPRIATION TEN DAYS BEFORE LEAVING OFFICE THIS ANXIETY ATTAINED PROPORTIONS OF COLLECTIVE HYSTERIA, CREATING SITUATION WHICH FOR FIRST TIME WE COSIDERED POTENTIALLY UNSTABLE. WHEN ECHEVERRIA PASSED TRICOLORED SASH, SYMBOL OF PRESIDENTIAL POWER, TO LOPEZ PORTILLO ON DEC. 1, SIGH OF RELIEF WAS AUDIBLE.

2. DECEMBER : LOPEZ PORTILLO TAKES OVER

JUST AS COLLECTIVE NUEROSIS WAS UNWARRANTED, SO TOO NEAR EUPHORIA OVER JLP'S MIRACLE-WORKING ABILITY HAS STRUCK US AS EXTREME. NONETHELESS, WE JUDGE THAT JLP ON WHOLE HAS DONE WELL IN HIS FIRST MONTH, AS SEEN BY BALANCE SHEET BELOW:
--JLP'S INAUGURAL ADDRESS AND HIS CABINET SELECTIONS WENT LONG WAY TOWARDS CALMING FEARS HE WOULD NOT BE HIS OWN MAN, ALTHOUGH PRIVATE SECTOR NOTES ABSENCE OF ANY OF ITS MEMBERS IN KEY ECONOMIC POSITIONS;
--THE INVESTMENT AGREEMENTS NEGOTIATED WITH PRIVATE SECTOR HAVE BEEN USEFUL PSYCHOLOGICALLY AND HAVE CAUSED ONLY MILD GRUMBLES FROM LABOR AND POLITICAL LEFT;
--TWO POLITICAL INCIDENTS, SHOOTING OF OPPOSITION FEDERAL DEPUTY IN NUEVO LAREDO LOCAL ELECTIONS AND IMPOSITION OF FORMER SECRETARY OF DEFENSE CUENCA DIAZ AS PRI CANDIDATE IN BAJA CALIF., HAVE BEEN EMBARRASSING EXAMPLES OF TRADITONAL MEXICAN POLITICS, BUT NO ONE SEEMS TO BE BLAMING PRESIDENT;
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--NEW ORGANIC LAW, STREAMLINING GOM AND SUBORDINATING NEARLY 800 SEMI-UTONOMOUS AGENCIES TO CABINET SECRETARIST, APPEARS TO MAKE GOOD SENSE, BUT COULD BE ONLY REDRAWING OF GOVERNMENT ORGANIZATION CHART;
--JLP'S TAX BILL WAS BEEN VIEWED AS POLITICALLY MODERATE MEASURE;
--IN POLITICAL TERMS JLP WAS RATHER SUCCESSFUL IN HOLDING NEW NATIONAL MINIMUM WAGE TO 9-10 PERCENT INCREASES, ALTHOUGHT IN ECONOMIC TERMS, INCREASES HAVE TO BE JUDGED TOO MUCH;
--JLP'S RATHER LARGE 1977 BUDGET IS DISAPPOINTMENT FINANCIALLY/ ECONOMICALLY, BUT AGAIN IN POLITICAL TERMS, MAY HAVE BEEN BEST ANYONE COULD HAVE DONE, GIVEN MEXICO'S SEVERE UNEMPLOYMENT; AND
--LASTLY, MEXICANS ARE FINDING SUBDUED, BUSINESS-LIKE STYLE OF NEW PRESIDENT AND HIS ADMINISTRATION REFERESHING CONTRAST TO FRENETIC MOTION WHICH CHARACTERIZED ECHEVERRIA GOVERNMENT.

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03

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DEAE-00 VO-03 SCA-01 INSE-00 /080 W

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R 070007Z JAN 77

FM AMEMBASSY MEXICO

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INFO AMEMBASSY CARACAS BY POUCH

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C O N F I D E N T I A L SECTION 2 OF 2 MEXICO 0230

3. SIGNIFICANCE FOR US-MEXICAN RELATIONS:

INDICATIONS EVER SINCE HIS NOMINATION THAT LOPEZ PORTILLO WOULD SEEK BETTER RELATIONS WITH U.S. WERE REINFORCED BY EXTRA-ORDINARY ATTENTIONS SHOWN BOTH OFFICIAL U.S. DELEGATION AND SPECIALLY INVITED GUESTS TO INAUGURATION. NEW ATTORNEY GENERAL AND HIS STAFF APPEAR TO GIVENARCOTICS PROBLEM SAME HIGH PRIORITY WHICH THEIR PREDECESSORS DID, AND APPOINTMENTS OF AMB TO U.S. DE OLLOQUI AS SUBSECRETARY OF FOREIGN RELATIONS AND FORMER AMB TO U.S. MARGAIN TO SECOND TOUR AS AMBASSADOR IN WASHINGTON APPEAR INTENDED BOTH TO SIGNALMEXICAN INTEREST IN IMPROVED RELATIONS AND TO PROVIDE EXPERTISE GOM NEEDS TO MANAGE ITS BILATERAL RELATIONSHIP. THERE IS NOT YET ANY FIRM INDICATION OF NEW GOM ATTITUDE TOWARD ILLEGAL ALIEN QUESTION, BUT WITH REGARD TO PROBLEM'S DOMESTIC POLITICAL COMPONENTS (E.G. LAND TENURE QUESTIONS), NEW GOVERNMENT APPEARS TO BE ADOPTING MODERATE COURSE.

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4. IN SUMMARY, MEXICO APPEARS IN DECEMBER TO HAVE REGAINED MUCH OF SELF-CONFIDENCE MISSING DURING LAST MONTHS OF ECHEVERRIA

ADMINISTRATION AND IT APPEARS MORE THAN CONTENT WITH START MADE BY
ITS NEW PRESIDENT AND ADMINISTRATION. BUT FINANCIAL AND ECONOMIC
PROBLEMS, WITH THEIR LIKELY POLITICAL REPRECUSIONS -- BOTH
INTERNALLY AND WITH U.S. -- ARE ONLY BEGINNING TO BE ADDRESSED.
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